

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

RECEIVED

APR 2 2001

FCC MAIL ROOM

In the Matter of )

Federal-State Joint Board on )  
Universal Service )

CC Docket No. 96-45 ✓

Petition for Waiver for the )  
Utilization of Schools and Libraries )  
Internet Point-of-Presence in )  
Rural Remote Alaska Villages Where )  
No Local or Toll-Free Access Exists )

COMMENTS OF UNITED UTILITIES,  
INCORPORATED

April 2, 2001

No. of Copies rec'd  
List A B C D E

014

## EXECUTIVE SUMMARY

The State of Alaska has petitioned the commission to waive “e” rate program and commission rules (i.e. the Telecommunications Act of 1996 - hereafter referred to as the Act) in rural Alaskan villages that are currently without a local Internet service provider (ISP).<sup>1</sup> The petition would provide a free federal grant of “excess” bandwidth purchased with “e” rate funds to government entities i.e. the schools, libraries, village or tribal organizations. The excess bandwidth purchased by “e” rate program participants would then be used by these entities to provide local “after hour” Internet access services to the general public.

United Utilities, Inc. (UUI) welcomes the opportunity to participate in this proceeding. The Act, and the petition, seek to make Internet access more widely available. Many of the communities where UUI provides local exchange services are now without a local ISP. UUI is strongly interested in becoming an ISP in these communities. UUI believes that there are alternatives that are more attractive than a waiver, and alternatives that are more in step with the Act, for enabling local ISPs in Alaska’s remote communities.

UUI agrees with two points made in the petition. First, UUI agrees that the schools and libraries are purchasing more satellite bandwidth than they need - i.e. there is excess bandwidth available on the satellite circuits that are serving the schools (and libraries) in rural Alaskan villages. Second, UUI agrees that satellite based Internet services are expensive and that it is not in the public interest to waste this precious resource. The challenge is to develop solutions that will maximize opportunities for efficiencies for the “e” rate program and efficiencies that will make it more feasible for ISPs to serve village residents.

The commission’s rules encourage consortia that are made up of both private sector and non private sector entities. Aggregating demand, negotiating lower rates, and securing efficiencies benefits everyone including the general public in rural areas where service to the general public can be dependent on the benefits that consortia can produce.

“E” rate program participants must have a state approved technology plan to receive “e” rate funds. These technology plans however do not address how schools and libraries are to form consortia with private sector entities. Private sector, and other entities, should be invited to participate in a consortia prior to the release of a RFP for “e” rate program services. Also, there should be guidelines/rules, that are “competitively neutral”, that will enable consortia. Today, we are unaware of a single consortia in Alaska including consortia with private sector entities. UUI believes that the commission’s existing rules have sufficient latitude for the State of Alaska, when approving technology plans, to establish guidelines/rules for consortia for “e” rate program participants to follow.

---

<sup>1</sup> “. . . to provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector (emphasis added) deployment of advanced telecommunications and information technologies . . .” (Conference Report, the Act, page 1).

UUI believes that if a federal, state, or federal/state, audit were to be conducted that it would include recommendations that would provide guidelines/rules for “e” rate and RHCP participants for purchasing bandwidth and enabling consortia. These guidelines/rules, that are lacking today, would encourage efficiencies and other benefits that a consortia model, implemented on a “competitively neutral” basis, would produce. Consortia can be facilitated by the state without having to wait for waivers to be acted on, rule making proceedings, or audits.

## TABLE OF CONTENTS

	<u>Page #</u>
I. Background	1
II. The Petition	1
III. Competitive Neutrality	2
IV. Universal Service Support	3
V. Services Eligible to Receive Federal Universal Service Funding Support	3
VI. Underused Capacity is Now Unaccessible	4
VII. Consortia	7
VIII. Achieving Consortia Benefits When Non Private Sector Entities Compete with Private Sector Entities	8
IX. Technology Plans	9
X. Accountability	10
XI. Summary	11
<u>Exhibits</u>	
Exhibit 1 Telephone Sample Survey - Locations Without ISP	12
Exhibit 2 AT&T Alascom, Inc., February 20, Correspondence	13
Exhibit 3 The Bristol Bay Times, March 27, 1997	14
Exhibit 4 United Utilities, Inc. Request to Participate in Consortia, Correspondence, February 26, 2001	15

## 1. Background

United Utilities, Inc., and its affiliates (hereafter collectively referred to as UUI), offers local exchange services to a population of approximately 27,000 in sixty (60) rural Alaskan communities. UUI also offers local dial up and dedicated Internet access services to a population of approximately 11,000 in eleven (11) of these communities.<sup>2</sup> Currently there are forty-seven (47) communities, with a population of approximately 15,000, without a local ISP in UUI's local exchange service area. These communities range in population from 36 in Platium to 1,100 in Hooper Bay. The average population in these communities is approximately 323.

UUI has been serving rural Alaska for twenty three (23) years. UUI would like to work cooperatively with the commission and the state to develop "competitively neutral" opportunities to improve and to expand Internet access offerings throughout its local exchange service area.

### 11. The Petition

The petition requests that the commission waive its rule (Section 54.504(b)(2)(ii)) that "e" rate funds be used solely for educational purposes.<sup>3</sup> This would also waive the following Universal Service Administrative Company (USAC) provisions.

"Universal service support will be limited to services delivered to the onsite educational facility or facilities. Services at a personal residence or at locations that do not host places of instruction or are not accessible to library patrons, with the exception of a centralized district office or similar facility, are not eligible for support" (SLD October 1999, Schools & Libraries Division Program Description, p. 8)

"prices for services that are not actually used by eligible entities for educational purposes are not to be reduced below the contract price" (cc: Docket No: 96-45, released May 8, 1997, para. 564).

The state proposes to grant to local school districts (and libraries) the ability, in communities without a local ISP, to act as an Internet "point of presence" through which residents of the community could access the "e" rate program funded Internet connections after school hours. Equipment for managing this dial-through access and associated local services would be the

---

<sup>2</sup> Two communities, McGrath and Unalakleet, receive local Internet access service from other ISPs.

<sup>3</sup> State of Alaska Petition, page iii. Also, "The "e" rate program is designed to improve schools' and libraries' access to advanced telecommunications and information services (GAO, Report to the Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Committee on Appropriations, U.S. Senate, December 2000, page 6)".

responsibility of the school, library, village or tribal organization, and could be acquired from any source.<sup>4</sup>

The petition further requests that the commission declare that no other provision of the statutes or regulations administered by the commission prevent implementation of its proposal.<sup>5</sup> What the petition fails to mention is just what these “other” provisions are that would need to be waived. These “other” provisions that the petition would fail to honor are the commission’s principle of “competitive neutrality” and the Act’s and commission’s universal service processes and rules. Also, grant of the waiver would effectively prohibit consortia and the efficiencies and better rates that consortia can offer.

### III. Competitive Neutrality

Pursuant to Telecommunications Act of 1996 (the Act) the commission has established “competitive neutrality” as an additional principle upon which the commission bases its policies for the preservation and advancement of universal service. This principle is defined as:

COMPETITIVE NEUTRALITY - - Universal service support mechanisms and rules should be competitively neutral. In this context, competitive neutrality means that universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.  
(cc Docket 96-46, released May 8, 1997, para. 47)

The petition would grant to the local school districts (and libraries) excess capacity to access the Internet to act as a point of presence to provide “after hour” Internet access services.<sup>6</sup> UUI is willing, as may be other entities, to purchase any available excess capacity. If the waiver is approved there would be no opportunity to purchase excess bandwidth. And there would be no opportunity for anyone other than the local school districts (and libraries) to receive the excess bandwidth as a grant.

---

<sup>4</sup> The petition does not explain just who it is that would determine what entity would manage this equipment and how this determination would be made. Also, note that while any entity could provide the services that only non private sector entities would have the responsibility for it.

<sup>5</sup> Ibid, page iii.

<sup>6</sup> “The goal of competitive neutrality (emphasis added) would not be fully achieved if the Commission only provided support for non-telecommunications services such as Internet access and internal connections when provided by telecommunications carriers” (Ibid, 594). Competitive neutrality can also not be achieved if all entities, telecommunications carriers included, can not compete or otherwise be eligible to provide services made possible with “e” rate funds.

“We have also made every effort to ensure that all entities, including small entities, are allowed to participate and compete in the universal service program on an equal basis by adopting the additional principle of competitive neutrality in the requirement for contribution, and distribution of, and the determination of eligibility for universal service support” (Ibid, para. 886)

#### IV. Universal Service Support

The Act has the following provision.

UNIVERSAL SERVICE SUPPORT. - - . . . only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support. A carrier that receives such support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Any such support should be explicit and sufficient to achieve the purposes of this section. (the Act, Section 254 (e)).

The petition would waive this provision of the Act. Carrier(s) serving the schools (and libraries) would be receiving universal service support to provide a service (i.e. after hour use of the school or libraries Internet connections) that has not been designated as a service eligible to receive support. Also, this support would not be explicit. And the non private sector schools and libraries have not, to UUT’s knowledge, been designated as “telecommunications carriers” eligible to receive universal service support to deliver services to others.

#### V. Services Eligible to Receive Federal Universal Service Funding Support

The commission has defined what services are eligible for federal universal service.

“Based on the principles embodied in section 254, and guided by the recommendation of the Joint Board, we define the “core” or “designated” services that will receive universal service support as: single-party service; voice grade access to the public switched network; Dual Tone Multifrequency (“DTMF”) signaling or its functional equivalent; access to emergency services including, in some circumstances, access to 911 and to directory assistance; and toll limitation services for qualifying low-income consumers, as described in section VIII” (Ibid, para. 56.)

The commission has also elected not to provide universal service funding support for Internet services.

“. . . although access to Internet services offers benefits that contribute to education and public health, we conclude that it is not “essential to education, public health, or public safety” as set forth in section 254(c)(1)(A).

We conclude that our decision not to support this component is consistent with the Joint Board's general finding that support beyond that provided for voice grade access to the public switched network is not warranted at this time. (Ibid, para. 83)."

Section 254 (c)(1)) provides for the definition of the services to be supported by federal universal service mechanisms to be based on recommendations from the Joint Board.

The Joint Board in recommending, and the Commission in establishing, the definition of the services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services –

- (A) are essential to education, public health, or public safety;
- (B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;
- (C) are deployed in public telecommunications networks by telecommunications carriers; and
- (D) are consistent with the public interest, convenience and necessity.

The Act (Section 254 (c)(2)) also provides for the ability to alter or modify the definition of USF eligible services.

ALTERATIONS AND MODIFICATIONS. - - The Joint Board may, from time to time, recommend to the Commission modifications in the definition of the services that are supported by Federal universal service support mechanisms.

On December 21, 2000 (cc: Docket No. 96-45) the commission released an order asking the Federal-State Joint Board on Universal Service to review the definition of universal service. The Act requires that the Joint Board recommend modifications to the definition of the services that are supported by Federal universal service support mechanisms. And this is why the Commission has referred the matter to the Joint Board i.e. to receive recommendations as to what changes, if any, it should make to the definition of supported services. While UUI believes other changes (that are addressed later in these comments) are needed to enable local Internet access services to be more widely deployed, the state's petition, since it seeks to expand the definition of the services that are supported by federal universal service support mechanisms, belongs before the Joint Board.

## VI. Underused Capacity is Now Unaccessible

The petition makes the following statements.

"A telecommunications pipe into almost every Alaska village exists which is underutilized for a great part of the day and year" (p. 13).

"Waste of this precious resource is not in the public interest" (p. 24).



“The services and facilities purchased in part (90% in most cases) by E-rate funds are not being used to the maximum extent possible and are lying fallow”.  
(p. 5).

UUI’s research, and the state’s petition, indicate that dedicated satellite circuits are beginning purchased with “e” rate funds to establish a pipe/highway over which the Internet connectivity needed by the schools (and libraries) is being provided. Following is a sample of unserved communities with fewer than 100 population with the size of the dedicated satellite circuit that is serving the school.

Table I  
Sample Satellite Circuits<sup>7</sup>

<u>Village</u>	<u>Satellite Dedicated Circuit</u>	<u>Population</u>	<u># of Students</u>
Anvik	56 kbps	91	27
Platinum	128 kbps	36	10
Kobuk	256 kbps	96	33
Clarks Point	512 kbps	76	17

Now how long are the 10 students in Platinum, or the 17 students in Clarks Point, spending at school on the Internet? Clearly there is excess capacity available throughout the day. These few of students are not going to spend their entire school day on the Internet and completely occupy/fill up the satellite circuit capacity that is available to their school. These Alaskan village schools, and many more, are purchasing bandwidth that is not needed 24 hours a day 7 days a week.<sup>8</sup>

AT&T Alascom was recently asked if the unused bandwidth on satellite circuits it sold to deliver “e” rate services could be purchased.

“Upon review of the contract with the school district, it is clear that the transport service provided by AT&T Alascom to connect village schools with the Internet is provided under terms of AT&T Alascom’s interstate private line tariff. As such AT&T Alascom cannot provide to a third party ability to access any “unused bandwidth” that may or may not exist on these tariffed, private line circuits

---

<sup>7</sup> Telephone Survey, UUI, January 2001

<sup>8</sup> Exhibit 1 lists 129 villages without a local ISP and the size of the dedicated circuit serving the village school.

that are dedicated to the schools.”<sup>9</sup>

Routers are now programmable to enable the school’s (or library’s) use of the Internet service to be prioritized so that they can access and use the dedicated satellite circuit for Internet access at whatever speed they contract for and pre - empt anyone else that may want to use the circuit at the same time to access the Internet. The schools (and libraries) can receive the service they need (Internet connectivity), whenever they need it, without preventing others from using the circuit (pipe/highway) when it is sitting idle. The excess bandwidth could be accessed any time of the day. Also, ISPs wanting to purchase this excess bandwidth could aggregate, on a “competitively neutral” basis, requirements with those of the schools and libraries to form a consortia.

Satellite service is both scarce and expensive.<sup>10</sup> Using pricing from the petition it costs \$2,750 a month for a 56 kbps satellite connection to the Internet. This pricing increases with speed with the price of a T-1 between \$11,000 to \$13,000 per month.<sup>11</sup> The petition states:

“The provision of Internet access is made difficult not only by the remoteness and sparse population of these communities, but also by their reliance on expensive and relatively scarce satellite telecommunications resources.”

GCI, Inc. recently briefed the commission on the scarcity of satellite resources for Alaska.

“Alaska’s geographical position severely limits satellite coverage of Alaska. Specifically, Alaska’s high northerly latitude, and its far west longitude, limit the number of satellites in the domestic arc that are visible from any given location within the State. . . . satellite coverage of Alaska is significantly limited. Capacity is likewise limited as domestic satellite operators have historically built spacecraft that have excellent coverage of the 48 contiguous states and little or no coverage of Alaska.”<sup>12</sup>

---

<sup>9</sup> Exhibit 2 - AT&T Alascom, Inc, Correspondence dated February 20, 2001.

<sup>10</sup> \$12.2 million of “e” rate program funds was committed in the second program year (1999) to Alaska (GAO Report, page 52). Most of these funds were needed to pay for satellite services.

<sup>11</sup> The petition claims that satellite “hops” introduce error and time delays in transmission, especially over plain old telephone circuits. This is not entirely correct. There are no satellite hops when dedicated satellite or land line circuits, as is the case in Alaska, are used to deliver Internet and communications between a location served via satellite and a location not served via satellite. And dedicated private line circuits, not plain old telephone circuits (whatever this means), are used in the villages dependent upon satellite service.

<sup>12</sup> GCI, Comments, IB Docket No. 00-203, RM-9649, pages 3-4.

UUI agrees with the state - “. . . the provision of Internet access is made difficult . . . by . . . reliance on expensive and relatively scarce satellite telecommunications resources” (p. ii); “ The services and facilities purchased in part by E-rate funds are not being used to the maximum extent possible and are lying fallow . . .” (p. 5). The lack of access and inability to purchase this excess bandwidth acts as a deterrent to ISPs who would be forced to purchase their own dedicated satellite circuit (at least \$2,750 per month for 56 kbps) to establish themselves as a local ISP. Efficiencies and better rates cannot be achieved when the connectivity requirements are not aggregated.

## VII. Consortia

The petition explains the rationale for the commission’s consortia rules as follows.

“Schools and libraries are permitted to combine their service requirements with the service requirements of others who are ineligible to participate in the universal service support programs so that all of the users may be eligible for volume discounts from the telecommunications provider for which they otherwise would not qualify. The members of the consortium who are not eligible for the universal service discounts benefit by combining their services with those of the schools and libraries, but that benefit is permitted at least in part because it creates no additional cost for the “e” rate program and promotes efficiency” (p. 22).

The commission has said this about Consortia.

“We agree with the Joint Board that we should encourage schools and libraries to aggregate their demand with others to create a consortium with sufficient demand to attract competitors and thereby negotiate lower rates, (emphasis added) or at least secure efficiencies, particularly in lower density regions. We concur with the Joint Board findings that aggregation into consortia can also promote more efficient shared use of facilities to which each school or library might need access. (Ibid, para. 476).

“. . . we emphasize that we encourage all eligible entities to participate in consortia because such participation should enable them to secure the telecommunications and information services and facilities they need under terms and conditions better (emphasis added) than they could negotiate alone.” (Ibid, para. 563).

“All members of such consortia, including those ineligible for universal service support, would benefit from these lower . . . prices (emphasis added) produced by . . . group contracts” (Ibid, para 563)

“We agree with the Joint Board and those commenters observing that aggregated purchase or network sharing arrangements can substantially

reduce costs (emphasis added) and in some cases are necessary to sustain a rural telecommunications network (emphasis added).” (Ibid, para. 719).

It is clear that the Commission’s encouragement of consortia is to “lower rates” and to reduce the burden on consumers nationwide who fund the “e” rate program.<sup>13</sup> Also, the Commission acknowledges that the schools (and libraries) Internet service can be necessary to sustain Internet access services for rural communities.

The petition’s consortia discussion does not, however, explore how to enable consortia (i.e. including private sector entities). The petition merely claims that granting the waiver “would not increase the amount of services requested by the school and therefor would not lead to additional costs for the E rate fund” (p. 23). The commission is seeking to gain efficiencies and to reduce costs (i.e. obtain the best rates) whereas the petition seeks to justify the proposition that the schools (and libraries) should be able to purchase, with program funds, excess bandwidth and then turn around and make it available, at no cost, to other non eligible entities to use.

The commission’s consortia goals of “securing lower rates and efficiencies” in lower density regions does not, as the petition would have you believe, exclude benefits that can be achieved from consortia from flowing to the general public who pays for the “e” rate program. The petition could cut the general public off from receiving any benefits that can be achieved via consortia by creating barriers for consortia to be formed - the schools (and libraries) would be the “only entity” purchasing Internet access.

“If the services to be purchased are part of an aggregated purchase with other entities, the request would identify all co purchasers and the services or portion of the services purchased by the school. (This section (Section 54.504), is not implicated by the proposal advanced here because the schools would be the only (emphasis added) entity purchasing service and the services to be purchased would not be increased to reflect the service requirements of others). (p. 19)

#### VIII. Achieving Consortia Benefits When Non Private Sector (Schools and Libraries) Entities Compete with Private Sector Entities.

Following is a quotation from a local paper.

---

<sup>13</sup> The Commission’s encouragement of consortia complements its “e” rate program efficiency goals - “. . .this approach of providing Internet access. . . . should simply encourage schools and libraries to select the most cost-effective (emphasis added) form of transmission access” (Ibid, para 443). “We share the Joint Board’s belief that the discount program must be structured to maximize the opportunity for its cost-effective operation” (emphasis added) (Ibid, 497). “We conclude that Congress intended that schools and libraries secure the most cost-effective. . .(emphasis added) Internet access . . (Ibid, 595).

“Nine organizations pooled their resources to plan and finance an area wide distance education, health, and data communications network for Bristol Bay. The Bristol Bay Distance Delivery Consortium (BBDDC) will . . . hire a coordinator to seek out and write new grants . . . SERRC or another coordinator will request grants from more than a dozen sources. The U.S. Department of Commerce . . . is expected to be a major contributor. . . . a similar consortium in Bethel (Alaska) received over \$1.3 million in grants for their communication project. Corporate for-profit members and phone service providers will be able to join as non voting members in the near future. Phone service providers are logical allies in developing better communications but they have different priorities than the non profit voting members. (emphasis added). . . . From previous experience applying for communications grants, she knows that the agencies offering the grants respond better to coalitions like the BBDDC. . . . his vision is to simply provide Internet connection at reasonable speed to every village. . . . Where good data lines are available they are very expensive. The Distance Delivery Consortium appears to be the most cost effective way to acquire the equipment.” (The Bristol Bay Times, March 27, 1997 - Exhibit 3).

It appears that non private sector entities ( like the BBDDC, schools, tribal governments, etc.) are interested in applying for grants to purchase equipment that could be used to connect local Internet customers to a village router (referred to in the petition as the Internet point of presence).<sup>14</sup> Grant funded equipment that could be used to connect local Internet customers to a village router would be useless unless the router was connected via satellite and other terrestrial facilities to the Internet. The petition would have the commission grant this, village to the Internet backbone “e” rate program service, to non private sector entities (i.e. “e” rate program participants) to complete (i.e. with the local grant funded equipment) the needed connectivity to deliver local Internet access.

Consortia benefits are generated by aggregating requirements and negotiating more favorable rates. Consortia can result in efficiency gains and the ability to participate in consortia will make it more attractive for ISPs to serve Alaska’s villages. However, without “competitively neutral” rules, consortia benefits will be difficult, if not impossible to achieve, should the schools and libraries be competing with private sector entities to deliver Internet access services to the general public.

## IX. Technology Plans

Participants in the “e” rate program must have an approved technology plan.

“To ensure that schools and libraries are prepared to use the requested services effectively, and to make certain that students and community members experience the real benefits of the Universal Service Program,

---

<sup>14</sup> And to avoid having to pay the local exchange carrier to use its network.

applicants must certify that their requests are based on approved technology plans that include provisions for integrating telecommunication services and Internet access into their educational program or library service.”<sup>15</sup>

The State of Alaska, following program guidelines, is responsible for approving technology plans for Alaskan schools and libraries.<sup>16</sup> To qualify as an approved Technology Plan for a universal service fund discount, the plan must meet five criteria that are core elements of successful school and library technology initiatives. Two of those core elements are:

1. The plan must establish clear goals and a realistic strategy for using telecommunications and information technology to improve education or library services.
2. The plan must include an assessment of the telecommunication services, hardware, software, and other services that will be needed to improve education or library services.

What is missing from the technology plan process are federal or state guidelines/rules for schools and libraries to follow for forming consortia with private sector entities.<sup>17</sup> For example, local telecommunications providers, at a minimum, should be notified and invited to participate in consortia prior to the release of a RFP for “e” rate program services. Also, there should be guidelines/rules, that are “competitively neutral”, that would enable consortia.<sup>18</sup> The state, when approving technology plans, could establish these guidelines/rules, that would make consortia possible.

## X. Accountability

The commission has expressed its desire for audits to prevent abuse and to promote

---

<sup>15</sup> USAC Program Description, 2001 - 2002 funding year.

<sup>16</sup> “We concur . . . that Congress intended to require accountability on the part of schools and libraries and therefor, we concur . . . that eligible schools and libraries be required to conduct internal assessments of the components necessary to use effectively (emphasis added) the discounted services . . . “(Ibid, 570).

<sup>17</sup> Section 54.500(d)(1) provides, for the purposes of seeking competitive bids, schools and libraries, to be able to enter into consortia with private sector entities if the pre discount prices of any services that such consortium receives from ILECs are generally tariffed rates.

<sup>18</sup> For example, the Lower Yukon School District (LYSD) apparently has no program guidelines on how to aggregate bandwidth requirements with a private sector entity. LYSD has yet to respond to such a request - Exhibit 4.

accountability.<sup>19</sup>

“We also agree with the Joint Board’s recommendation . . . that eligibility for support be conditioned on schools’ and libraries’ consent to cooperate in future random compliance audits to ensure that the services are being used appropriately” (Ibid, 581.)

“The Commission . . will direct an independent auditor to conduct audits . . as may be necessary . . Such information will permit the Commission to determine whether universal service support policies required adjustment’ (Ibid, 581).

The petition, while establishing new rules, fails to address means for enforcing these rules. How would the following petition rules be enforced and by whom?

(1) the services used by the school district or library are sold by the service provider on the basis of a price that is not usage sensitive (e.g. a dedicated circuit provided at a fixed monthly price).<sup>20</sup>

(2) the use by others in those communities is limited to hours in which the school or library through which the Internet would be accessed is closed (e.g., access to a school’s telecommunications services and facilities would be limited to after school hours, holidays, weekends, school vacations, and any other day in which the school is closed);<sup>21</sup> and

(3) no toll-free or local dial-up Internet access is otherwise available in the community.<sup>22</sup>

---

<sup>19</sup> “We disagree . . that suitable accountability would automatically exist in a reduced-rate program, where customers are investing . . . their own resources, without the need for any oversight” (Ibid, 727).

<sup>20</sup> Here the petition encourages participants to purchase excess bandwidth, i.e. dedicated circuits, instead of Internet connectivity.

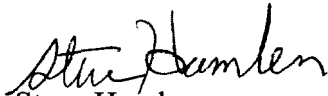
<sup>21</sup> And would teachers or others wanting Internet in their homes be the ones responsible for ensuring that they (and their family members) could access the Internet only during off hours?

<sup>22</sup> Every Native tribe, including those in villages without an ISP, can now get toll free access to the Internet through the U.S. Department of Interior - Alaska Tribal Technology Access Program (Telecommunications Services Inventory of Rural Alaska, Denali Commission, January 2001, page 11).

## XI. Summary

UUI welcomes the opportunity to explore and to develop, with the commission and the State of Alaska, solutions for improving access to the information superhighway for all Alaskans. We believe that the commission's "consortia model", implemented on a "competitively neutral" basis, including specific guidelines/rules for "e" rate program participants to follow when purchasing Internet connectivity, is what's needed to facilitate local ISPs in rural Alaskan communities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Hamlen". The signature is fluid and cursive, with the first name "Steve" and last name "Hamlen" clearly distinguishable.

Steve Hamlen  
President  
United Utilities, Inc.



**Rural Alaskan School Districts  
Locations without Local Internet Service\***

District Name	Locations	ISP	Speed
<b>AK Gateway Schls</b>	<i>Tetlin, Tanana Cross, Dot Lake</i>	GCI	56K
<b>Alutians E. Borough</b>	<i>Akutan, Cold Bay, False Pass, Nelson Lagoon</i>	GCI	128K each or T-1 shared?
<b>Bering Straits Schls</b>	<i>Diomed, Koyuk, Elim, Savoonga Gambell, Golovin, Shaktoolik, St. Michaels, Stebbins, Sand Pt., Wales</i>	GCI	District Office: 256K Most others: 128K
<b>Chugach Schools</b>	<i>Chenega Bay, Tatitlek</i>	GCI	Main office: 512K, rest 128-256K
<b>Copper River S.D.</b>	<i>Slana</i>		
<b>Iditarod Area Schools</b>	<i>Anvik, Grayling, Lime Village, Shageluk, Holy Cross, Lk Minchumina, Nikolai, Takotna</i>	GCI	56K every site
<b>Kenai Peninsula Bor.</b>	<i>Nanvaley, Anchor Pt, Tyonek</i>		
<b>Kodiak Isl. Bor. Schls</b>	<i>Akhlok, Larson Bay, Old Harbor Ouzimkie, Port Lions</i>		
<b>Kuspuk School Distr.</b>	<i>Sleetmute, Chuath, Red Devil, Stony River., Lower Kalskag, Upper Kalskag, Kalskag, Crooked Crk</i>	GCI	128K up to 256K some sites
<b>Lk &amp; Peninsula Bor.</b>	<i>Chignik Lk, Bay &amp; Lagoon, Pennyville, Port Heiden, Iguligig, Ivanof Bay, Pilot Pt., Levelok, Newhalem, Pedro Bay, Nondalton, Port Alsworth, Egegik, Kokhanok</i>	GCI	Most at 64K or 128K Based on number of students
<b>LKSD</b>	<i>Eek, Kipnuk, Kongignak, Mekoryuk, Newtok, Kwig., Nightmute Platinum, Quinhagak, Toksook Bay, Tuntutuliak, Tununak, Goodnews Bay</i>	GCI	128K
<b>LYSD</b>	<i>Hooper, Kotlik, Marshall, Mtn Village, Pilot Station, Pitka's Pt., Russian Mission Scammon Bay</i>	AT&T	256K
<b>North Slope Bor Schls</b>	<i>Anaktuvik Pass, Atkasuk, Kaktoovik, Nuiqsut, Point Hope</i>	GCI curr AT&T srts 08/15	Current (GCI) 384K ATT will be 768K
<b>Northwest Arctic Bor</b>	<i>Ambler, Buckland, Deering, Kiana, Kivalina, Kobuk, Noatak, Noorvik, Selawik, Shungak</i>	GCI	512K in Kotzebue, others at 256K
<b>Pribilof School District</b>	<i>St. George</i>	UAF	56K
<b>SE Island S.D.</b>	<i>Port Alexander, Port Protection</i>		
<b>St Mary's Schools</b>	<i>St. Mary's</i>	GCI	56K
<b>SW Region Schools</b>	<i>Clarks Point, Ekwok, Koliganek, Manokotuk, New Stuyahok, Portage Crk., Togiak, Twin Hills</i>	GCI	512K
<b>Tanana Schools</b>	<i>Tanana</i>	GCI	56K
<b>Yukon Flats Schools</b>	<i>Ft. Yukon, Arctic Village, Beaver, Central, Chalkyitsik, Circle, Venetie, Steven's Vill.</i>	GCI	
<b>Yupit Schools</b>	<i>Akiachak, Tuluksak, Akiak</i>	GCI	56K
<b>Yukon Koyukuk SD</b>	<i>Allakaket, Betties, Koyukuk, Huslia, Healy Lk, Hughes, Ruby, Minto, Wiseman Village</i>	GCI	Ethernet - 256K

Locations without a local ISP: 129



210 East Bluff Drive  
Anchorage AK 99501-1100

February 20, 2001

RECEIVED

FEB 22 2001

UNITED UTILITIES, INC.

Mr. Steve Hamlen  
United Utilities, Inc  
5450 A Street  
Anchorage, Alaska 99518

RE: Request for Price Quotation

Dear Mr. Hamlen:

This letter is in response to your letter dated February 9, 2001 to Ms. Elizabeth Parks, AT&T Alascom's Carrier Account Representative. In your letter, you voiced an interest "...in purchasing the unused bandwidth that is available on the 256 kbps Internet connections that have been established to service the villages schools." Upon review of the contract with the Lower Yukon School District ("LYSD"), it is clear that the transport service provided by AT&T Alascom to connect village schools with the Internet is provided under terms of AT&T Alascom's interstate private line tariff. As such, AT&T Alascom cannot provide to a third party the ability to access any "unused bandwidth" that may or may not exist on these tariffed, private line circuits that are dedicated to LYSD. Therefore, AT&T Alascom is not in the position to provide UUI with a price quotation that would allow UUI access to the circuits presently provided to LYSD.

If you have any questions regarding this letter please feel free to contact me at your earliest convenience at (907) 264-7308.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Vasconi", with a long horizontal flourish extending to the right.

Mark Vasconi  
Director of Regulatory Affairs  
AT&T Alascom

Cc: Ray Griffith, LYSD Superintendent  
Phyllis Turnquist, AT&T Alascom  
Elizabeth Parks, AT&T Alascom

# Group has big plans for better communications

By Gregg Burton  
BayTimes

Nine organizations pooled their resources to plan and finance an area-wide distance education, health and data communications network for Bristol Bay. Representatives of the Bristol Bay Distance Delivery Consortium met Feb. 6, elected officers and reviewed proposals from two entities interested in providing services.

George King of the Bristol Bay Campus was named chairperson, Jim Sifsof of the Bristol Bay Economic Development Corporation vice chair, Chris Hladick of the City of Dillingham Recorder and Don Evans of Southwest Region Schools treasurer.

The BBDDC will use the \$36,000 of seed money contributed by the

nine agencies to hire a coordinator to seek out and write new grants and manage existing grants. The consortium is currently negotiating with South East Regional Resource Center, a consulting firm based in Juneau.

Either SERRC or another coordinator will request grants from more than a dozen sources. The U.S. Department of Commerce, through its Telecommunications and Information Infrastructure Assistance Program is expected to be a major contributor. Organizers are reluctant to say how much grant money is required or available, but a similar consortium in Bethel received over \$1.3 million in grants for their communication project.

The Bristol Bay Native Association, Lake and Peninsula School District, Bristol Bay Area

Health Corporation, University of Alaska Fairbanks, Bristol Bay Campus, the Lake and Peninsula Borough, Bristol Bay Economic Development Corporation, Southwest Regional School District, Bristol Bay Housing Authority and the City of Dillingham all joined the consortium. Corporate for-profit members and phone service providers will be able to join as non-voting members in the near future. Phone service providers are logical allies in developing better communications but they have different priorities than the non-profit voting members.

BBNA's Planning and Development Director Brenda Akelkok said that the Bristol Bay region is the size of Ohio, with only three short stretches of road. BBNA has daily contact with service

providers in all the villages and wants to be able to connect with them better. She likens the telecommunications links to arteries through which communications — the lifeblood of the organization — must flow. She said healthy arteries are needed to serve the people in those villages, which is why BBNA supports the Distance Delivery Consortium.

From previous experience applying for communications grants, she knows that the agencies offering the grants respond better to coalitions like the BBDDC.

"They want us all to come together... it gives them more bang for the buck," Akelkok said.

Larry Yonashiro directs computer services for the Bristol Bay Area Health Corporation and provides technological expertise to BBDDC.

Part of his vision is to simply provide Internet connection at reasonable speed to every village. Adequate bandwidth to carry high speed data is simply not available at all locations in Bristol Bay. Where good data lines are available they are very expensive. There are several ways to achieve the required high speed links and new technologies come on line frequently, but they will not be available to this region without the equipment to support them. The Distance Delivery Consortium appears to be the most cost effective way to acquire the equipment.

Yonashiro said good Internet access will improve the quality of village life by making the outside world — including state and federal agencies which serve Native Alaskans — more accessible to people in the villages.

## Aleknagik man gets 18 months for assault

By Greg Corr  
BayTimes Staff

Peter Bavilla, 52, of Aleknagik was found guilty of third-degree assault, a felony, and fourth-degree assault, a misdemeanor, and was sentenced March 13 by Superior Court Judge Fred Torrisi to 30 months incarceration. Twelve months were suspended.

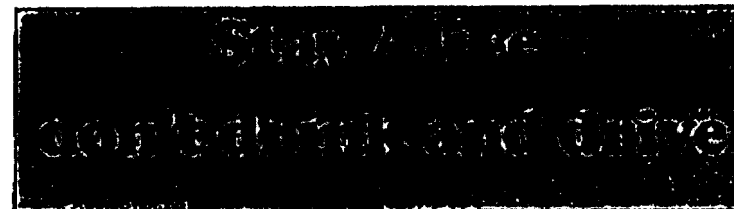
Bavilla originally pleaded no contest to the charges.

Bavilla's assault conviction stemmed from domestic violence incidents that occurred between

January and June of last year.

Joe Wrona, Dillingham's district attorney, said the prosecution focused its case on three violent assaults.

Wrona said it was an important case because of the recurring pattern of felony-level assaults on a female victim. The victim, Wrona said, needed medical attention after each of the three violent assaults, which occurred early last year. Torrisi gave Bavilla 24 hours to turn himself in after sentencing. Bavilla failed to do so and was taken into custody March 14. He was to be transported this week to the Cook Inlet Pre-Trial Facility.



**FSBO** Now Serving  
Bristol Bay

Sell Your Home on Your Own  
and Save Thousands!

For Sale By Owner Assistance Program  
(907) 456-FSBO fsbo@planet.com

**Equal Housing Lender**

\*With a \$10,000 minimum advance on the day of loan closing, the rate is The Wall Street Journal Prime (Prime) -1.0% until 6/1/98 (7.25% APR as of 2/1/97). On 6/1/98, the rate will return to the rate of Prime +2.0%. As of 2/1/97, this non-promotional rate was 10.25% APR. Rates may vary but will never exceed 15.0% APR. Property insurance is required. Offer only available to new equity line customers. Member FDIC.

Steve Hamlen  
President/CEO

# United Utilities, Inc.

Affiliate of Unicom



February 26, 2001

Ray Griffith  
Superintendent  
Lower Yukon School District  
P.O. Box 32089  
Mountain Village, Alaska 99632

Re: Request to Participate With LYSD in a Consortia for Purchasing Internet Access

Dear Ray:

AT&T Alascom's February 20, 2001 response to our request (February 9, 2001) to purchase unused bandwidth indicates that AT&T Alascom cannot sell bandwidth on the satellite connections because it has sold the entire "e" rate program funded satellite circuit(s) (i.e. the unused bandwidth) to LYSD. While AT&T Alascom may not be able to sell this unused bandwidth (unless there is a change in the rules), LYSD is not prohibited from joining in a consortia with private sector entities, like Unicom, Inc., to purchase Internet connectivity.

The advantages of joining in a consortia with Unicom, Inc., and affiliate of United Utilities, are that: (1) it will reduce the cost of the Internet connections the schools need thereby saving LYSD and "e" rate program funds, and (2) it will facilitate the provision of local Internet access services in those villages that are now unserved.

Section 54.500, (d) (1) under the FCC rules, provides, for the purposes of seeking competitive bids, schools, may join in consortia with private sector entities (i.e. Unicom), if the pre discount prices of any services that such consortium receives from ILECs are generally tariffed rates. Since any services that would be offered by United Utilities, a ILEC, would be offered at tariffed rates, this is not a problem.

Please let me know whether LYSD is receptive to forming a consortia with Unicom for the purpose of seeking competitive bids for Internet connectivity. We would plan to include our requirements with those of LYSD the next time an RFP for Internet connectivity is released under the "e" rate program. Also, if LYSD is receptive to forming a consortia, we may be able to request to set the consortia up prior to the release of the next Internet RFP, so that the school and the "e" rate program can save dollars and so Internet services can be provided in unserved communities.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Steve', with a horizontal line extending to the right.

An Alaskan Native Owned Corporation

5450 A Street  
Anchorage, AK 99518-1291

<http://www.uui-alaska.com>

(907) 561-1674

Fax (907) 563-3185